

## Message Text

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PAGE 01 TOKYO 04569 310831Z  
ACTION EA-09

INFO OCT-01 EB-08 ISO-00 /018 W  
-----010421Z 084462 /14  
R 310746Z MAR 77  
FM AMEMBASSY TOKYO  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 6566

UNCLAS TOKYO 4569

E.O. 11652: N/A  
TAGS: BEXP, JA  
SUBJECT: SUPPLEMENTAL MARKET RESEARCH: AIDS TO THE HANDICAPPED  
AND THE DISABLED

REF: A. STATE A-415 B. USDOC 05464

1. SUMMARY: MARKET RESEARCH RESULTS SHOW EXTREMELY LIMITED  
MARKET IN JAPAN FOR U.S.-MADE AIDS TO HANDICAPPED EXCEPT IN FIELD  
OF ARTIFICIAL INTERNAL ORGANS. EMBASSY AND TRADE CENTER,  
THEREFORE, RECOMMEND THEME OF NOVEMBER 1977 TRADE CENTER  
EXHIBITION BE EXPANDED TO BROAD-BASED BIOMEDICAL EQUIPMENT  
SHOW. END SUMMARY.

2. CONTRACTOR, PACIFIC PROJECTS LTD., WHICH HOPES TO COMPLETE  
SUBJECT MR STUDY NEXT WEEK HAS PROVIDED EMBASSY WITH SOME OF  
ITS MAJOR FINDINGS AS FOLLOWS:

A. OVERALL MARKET IN 1976 FOR TOTAL PRODUCT GROUPING IS  
ESTIMATED AT YEN22 BILLION (APPROX \$76 MILLION). PROJECTED  
MARKET FOR 1980: YEN30-35 BILLION (\$103-121 MILLION).

B. HALF OF OVERALL MARKET (\$38 MILLION) IS REPRESENTED BY  
ARTIFICIAL INTERNAL ORGANS, PRIMARILY CARDIAC PACEMAKERS  
KIDNEY DIALYZERS, AND ARTIFICIAL DISPOSABLE LUNGS.  
(FI, EMBASSY ESTIMATES THIS MARKET TO BE LARTER-NEARER  
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\$55 MILLION.) PP HAS NOT YET DETERMINED IMPORT SHARE OF  
THIS MARKET (WHICH POST ESTIMATES TO BE 80 PERCENT -\$44 MILLION -  
OF MARKET FOR ARTIFICIAL INTERNAL ORGANS.)

C. ONLY 1 PERCENT(\$380,000) OF MARKET FOR ALL PRODUCTS OTHER THAN  
INTERNAL ORGANS ARE IMPORTED. U.S. SHARE OF THIS 40 PERCENT  
(\$152,000) FOLLOWED BY UK AND SWEDEN AS NEXT LARGEST

IMPORTERS.

D. REASONS CITED FOR SMALL IMPORT SHARE FOR THESE OTHER AIDS TO HANDICAPPED: STRONG COMPETITION FROM LOCAL MANUFACTURERS, GENERALLY HIGHER PRICES AND POORER MAINTENANCE/SERVICING, NEED FOR CUSTOM-MADE PRODUCTS IN CERTAIN BASES, DIFFERENCES IN LIVING CONDITIONS, AND TACIT BUY-JAPANESE POLICY APPLIED TO PRODUCTS PURCHASED WITH GOVERNMENT FINANCIAL AIDS.

E. VERY SMALL VOLUME OF U.S.-MADE WHEELCHAIRS, HEARING AIDS, READING DEVICES, AND EQUIPMENT FOR WELFARE FACILITIES HAVE BEEN SOLID IN JAPAN AND POTENTIAL FOR FUTURE GROWTH IN SALES NOT VERY PROMISING FOR REASONS CITED PARA 2(D). PERSONS INTERVIEWED BY PACIFIC PROJECTS, HOWEVER, DID INDICATE INTEREST IN IMPORTING FOLLOWING TYPES OF EQUIPMENT FOR WHICH THERE APPEARS TO BE SOME LIMITED DEMAND: BRAIN-STIMULATING EQUIPMENT TO CURE PARALYSIS: SPEAKING AIDS, LIFTERS TO BE INSTALLED IN BUSES AND PASSENGER CARS: EQUIPMENT TO MEASURE SUCH THINGS AS MUSCLE STRENGTH AND WEIGHT DISTRIBUTION OF HANDICAPPED PERSONS.

3. BASED ON ITS FINDINGS SO FAR, PACIFIC PROJECTS SAID THAT IT COULD NOT RECOMMEND HOLDING A U.S. TRADE SHOW EXHIBITION ON THIS THEME. ALTHOUGH PACIFIC PROJECTS FOUND THAT THERE WAS A GREAT DEAL OF CURIOSITY ABOUT DEVELOPMENTS IN THE U.S. AND BELIEVES THAT FIRST U.S. SHOW OF THIS THEME SHOULD ATTRACT GOOD ATTENDANCE, IT DOUBTS THAT IT WOULD RESULT IN ANY SIGNIFICANT SALES FOR U.S. MANUFACTURERS.

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RM IN LIGHT OF FOREGOING, EMBASSY AND TRADE CENTER STRONGLY RECOMMEND THAT NOVEMBER 1977 EXHIBITION THEME BE EXPANDED TO BROAD-BASED BIOMEDICAL EQUIPMENT SHOW TO INCLUDE PRODUCTS WITH BEST SALES POTENTIAL OUTLINED IN THE BIOMEDICAL MR STUDY COMPLETED IN DECEMBER 1976 AS WELL AS BETTER SELLING AIDS TO HANDICAPPED MENTIONED ABOVE. EMBASSY CONCURS WITH PP RECOMMENDATION NOT TO MOUNT AN OFFICIAL EXHIBITION IN SUBJECT THEME; DESPITE STRENGTH OF ARTIFICIAL ORGAN MARKET, POST DOES NOT BELIEVE THIS JUSTIFIES AN OFFICIAL TC EXHIBITION, PARTICULARLY WHEN ONE CONSIDERS THE IMPORT MARKET WEAKNESS FOR OTHER AIDS TO THE HANDICAPPED. WE REALIZE THAT SOME U.S. PARTICIPANTS IN BIOMEDICAL SHOWS IN 1974 AND 1975 COMPLAINED ABOUT POOR ATTENDANCE BY PRIVATE DOCTORS AND HOSPITAL ADMINISTRATORS/DOCTORS AND, FOR THIS REASON, WE TENDED TO FEEL IN PAST THAT WE SHOULD AVOID BROAD-BASED MEDICAL SHOW IF STRONGER THEME AVAILABLE. SINCE WE HAVE NOT BEEN ABLE TO IDENTIFY BETTER THEME FOR PROMOTION IN JAPAN'S GROWING MEDICAL EQUIPMENT MARKET, AND SINCE BIOMEDICAL SHOWS HAVE HAD FAIRLY GOOD SALES RECORDS

DESPITE THE DOCTOR ATTENDANCE PROBLEM, WE HAVE NOW ALTERED  
OUR POSITION. (DESPITE SIMILAR DOCTOR ATTENDANCE PROBLEMS,  
BRITISH EMBASSY AND BRITISH HEALTH CARE EXPORT CUNCIL  
CONTINUE TO HOLD MEDICAL EQUIPMENT EXHIBITIONS IN TOKYO  
ALMOST EVERY YEAR.)

5. PLEASE INDICATE IF BIOMEDICAL EQUIPMENT SHOW THEME IS  
ACCEPTABLE TO COMMERCE.  
SHOESMITH

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## Message Attributes

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